

# **SPECIAL BOARD MEETING NOTICE**

A Special meeting of the Community Consolidated School District 46 Board of Education has been scheduled for 6:00 p.m. on Tuesday, September 8, 2009 at the Grayslake Middle School, 440 N. Barron Blvd., Grayslake, Illinois.

The purpose of this meeting is a Parent Forum on Finance.

**SPECIAL MEETING AGENDA  
BOARD OF EDUCATION  
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 46  
TUESDAY, SEPTEMBER 8, 2009  
MIDDLE SCHOOL  
6:00 P.M.**

- A. Call to Order/Roll Call
- B. Establishment of Quorum
- C. Approval of Agenda
- D. Pledge of Allegiance
- E. Public Comment
- F. New Business
- G. Adjournment

Thank you for attending the meeting of the Board of Education. You are reminded that these are meetings held in public but are not public meetings. You are welcome to address the Board during "Public Comment". You are asked to limit your remarks to four minutes or less. Guidelines for Public Comment are available at each meeting along with the current agenda. Board members and/or administrators may be contacted to respond to specific questions at:

**Board Members**

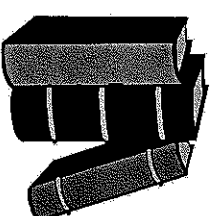
Michael Carbone	223-3540 ext. 5648
Sue Facklam	548-2930/ 223-3540 ext. 5565
Mary Garcia	223-3540 ext. 5691
Michael Linder	223-3540 ext. 5692
Ray Millington	223-3540 ext. 5678
Keith Surroz	223-3540 ext. 5679
Karen Weinert	548-0436/ 223-3540 ext. 5664

**Schools**

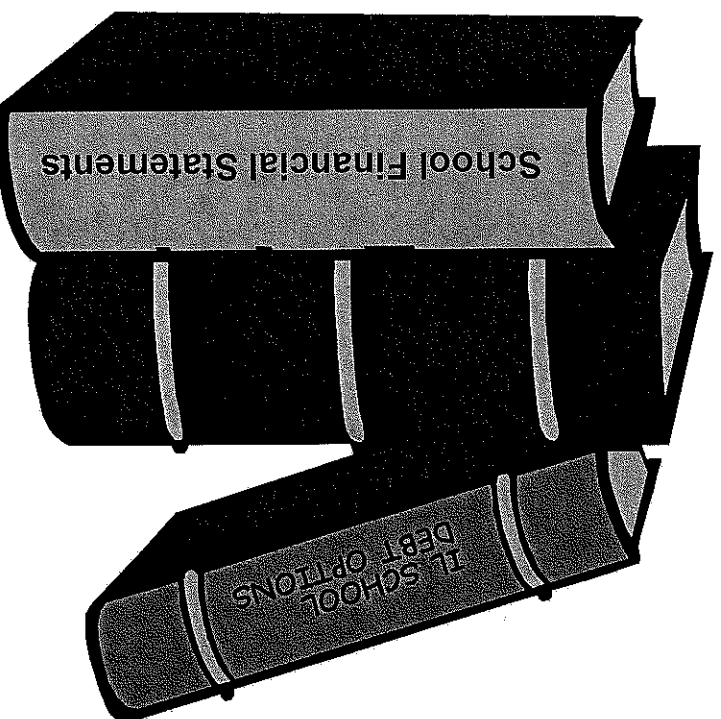
District Office	223-3650
Avon School	223-3530
Prairieview School	543-4230
Woodview School	223-3668
Meadowview School	223-3656
Park School Campus	201-7010
Frederick School	543-5300
Middle School	223-3680

The District web site address is [www.46.org](http://www.46.org)

# **Community Consolidated School District #46**

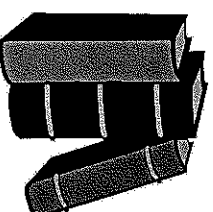


## **Property Taxes and School Finance 101**



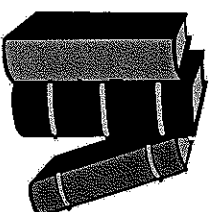
September 8, 2009  
Brad Goldstein  
Chief School Business Official

# What Are We Going To Discuss?



- Local, State and Revenue Sources for Illinois School Districts
- Major School "Funds"
- District 46 Tax Rates
- Property Taxes
- How Do Our Total Tax Rates Compare?
- Budget and Levy Cycle
- Questions

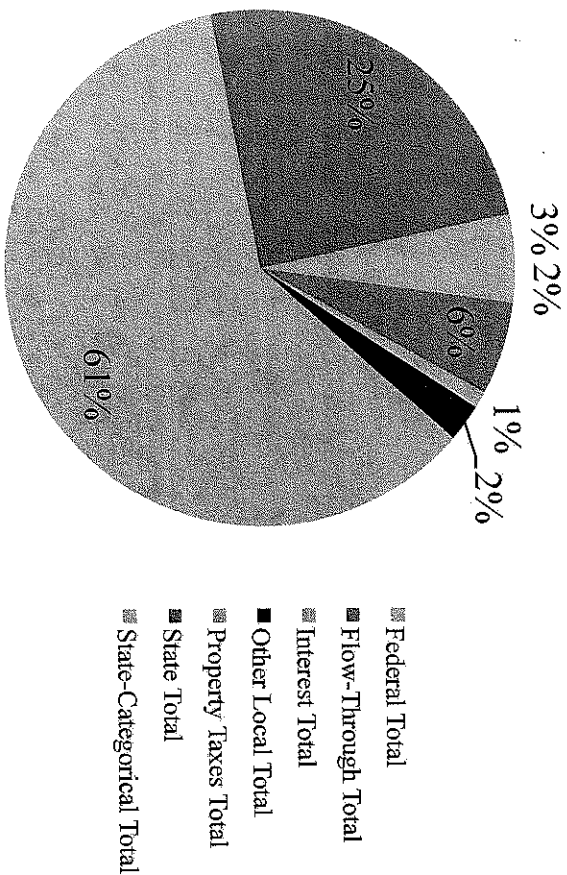
# District 46 Tax Revenue Breakdown



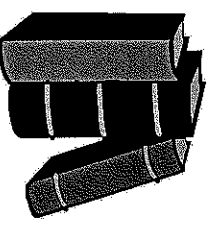
Approximately \$47.54 million will be received from Local Property Taxes in FY 2010

- \$28.76 million from property taxes
- \$11.74 million from state funding
- \$2.78 million is flow through for TRS
- \$1.56 million in state categorical aid
- \$1.13 million in other local funding
- \$1.06 million in federal funding
- \$500 thousand in interest

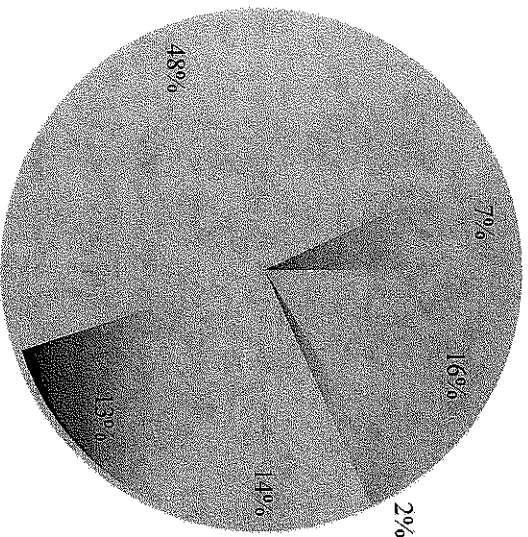
General Fund Revenues 2009-10



# District 46 Expense Breakdown



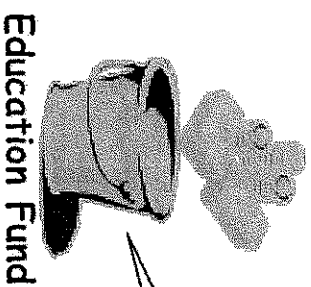
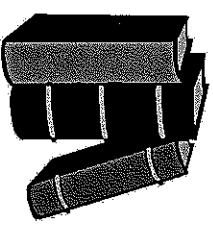
## Expenditures 2009-10



■ Benefits  
■ Capital Outlay  
■ Other Objects  
■ Purchased Services  
■ Salary  
■ Supplies and Materials

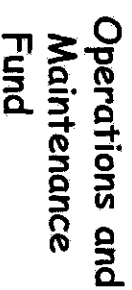
- Approximately \$48.98 million will incurred in expenses in FY 2010
- \$23.58 million will be spent on salaries
- \$7.96 million will be spent on benefits and payroll taxes
- \$6.53 million will be spent on purchased services
- \$3.32 million will be spent on supplies and materials
- \$1.03 million will be spent on capital outlay
- \$6.56 million will be spent on other objects including bond principal and interest as

# District 46 "Funds"



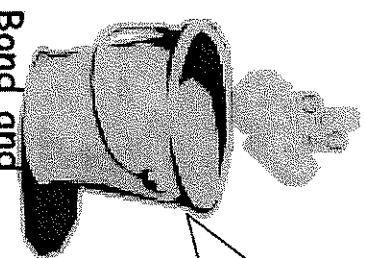
Education Fund

This fund is used to pay the regular expenses associated with providing education to our children. These expenses include teachers salaries, textbooks, computers and other classroom supplies.



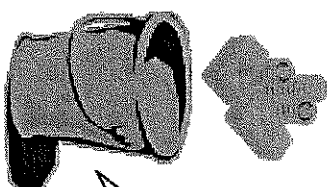
Operations and Maintenance Fund

This fund is used to pay for the regular operations and maintenance on 7 buildings in the District.



Bond and Interest Fund

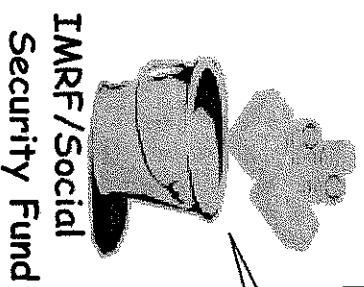
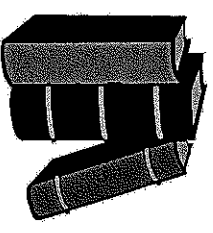
The debt service on all District's General Obligation debt is paid from this fund. Any voter approved GO Building Bonds would be paid from this fund.



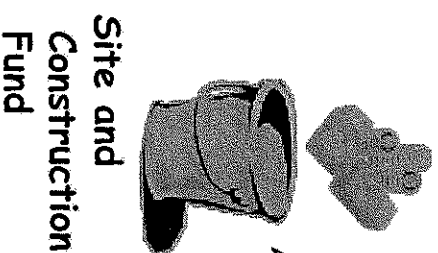
Transportation Fund

Only revenues and expenditures related to Transportation can be allocated to this fund.

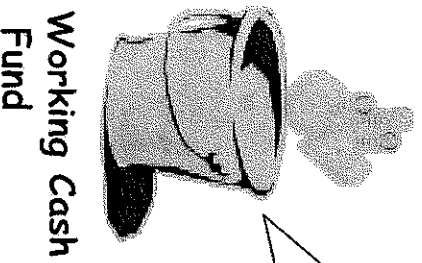
# District 46 "Funds"



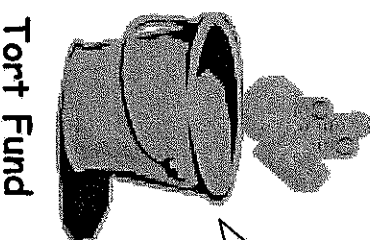
This fund is used to pay for IMRF, FICA and Medicare.



This fund is used to pay for the construction of buildings or additions.



This fund is maintained to provide loans to the other operating funds



This fund is maintained to pay for property, liability and worker's comp. coverage

# Wake County

## SCHOOL DISTRICT #46

Residential EAV: 720,718,623  
 M EAV: 2,903,097  
 Commercial EAV: 81,946,847  
 Industrial EAV: 22,967,965  
 Road EAV: 1,068,048

Residential Ext: 24,655,784.11  
 Farm Ext: 99,314.95  
 Commercial Ext: 2,808,401.64  
 Industrial Ext: 785,734.08  
 Railroad Ext: 36,537.92

all EAV: 829,604,580

Total Ext:

28,360,772.70

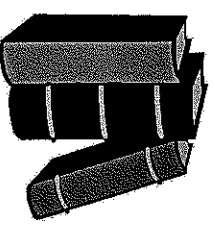
	<u>LEVY</u>	<u>APR</u>	<u>WAPR</u>	<u>EXT</u>
4,880,443	0.580		0.000	4,880.4
18,106,062	2.141		3.500	17,761.1
240,303	0.000		0.100	
501,553	0.060		0.000	572.4
3,480,305	0.413		0.580	3,426.3
58,508	0.008		0.000	66.3
501,553	0.060		0.000	572.4
145,745	0.017		0.400	141.1
188,611	0.022		0.000	182.1
925,009	0.084		0.000	896.1
240,303	0.008		0.050	66.3
29,468,165	3.421			28,380.1

Limiting Rate:

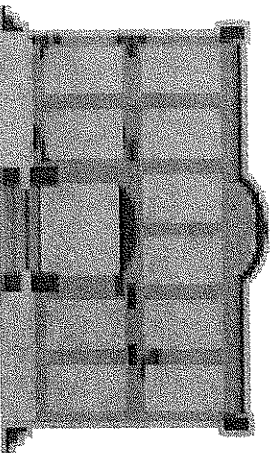
2.823



# Concepts in Property Taxation

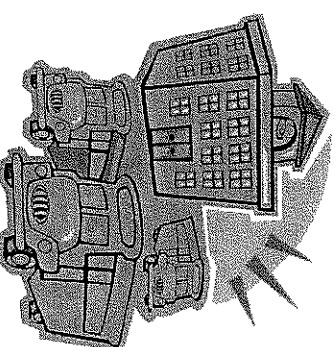


**Assessing Authority**  
(Township Government)



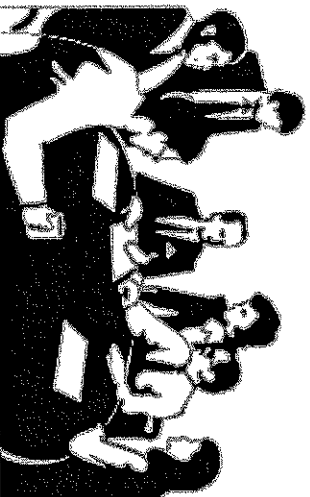
Determines how the total amount of tax collected will be apportioned among taxpayers. This apportioning is based on an "ad valorem" concept.

**Taxing Authority**  
(Local School District)



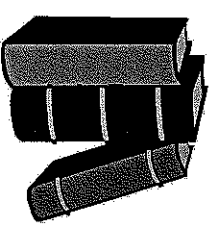
Determines the amount of property tax to be collected budgets and tax levies.

**Taxpayers**



Taxpayers also have a responsibility. First, to monitor the taxing authorities spending policy by attending budget hearings and providing input. Second, is to monitor the assessing authority policy and accuracy in apportioning the burden.

# General Tax Rate Information

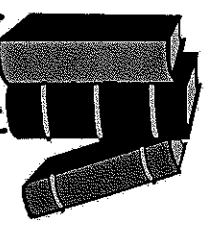


- Tax Rate
  - The overall tax rate is the cumulative rate of all the individual taxing authorities. Each authority files a levy with the County Clerk for the DOLLAR amount to be funded by the property tax. The total "equalized assessed value" (EAV) for the taxing authority is then used to determine the tax rate.

Tax Rate Formula:  $\text{Levy} \div \text{EAV} = \text{Tax Rate}$

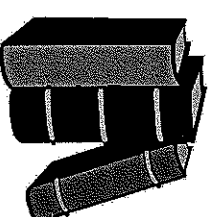
- If the EAV increase and the dollar amount to be funded remains the same, then the TAX RATE WILL DECREASE.
  - Example  $\text{EAV} = 100,000 \times \text{Tax Rate of } 3.30 = \$3,300 \text{ tax bill}$
  - $\text{EAV} = 120,000 \times \text{Tax Rate } 2.75 = \$3,300 \text{ tax bill}$
- If the dollar amount to be funded increases beyond a corresponding increase in the EAV, the TAX RATE WILL INCREASE.

# Review of Property Tax Cycles



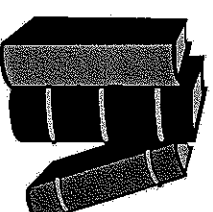
- The property tax cycle extends over a two year period. During the first year, the property is assessed and the assessed values reflect the property values as of January 1 of that year. During the second year, the actual tax bills are paid. (e.g., 2008 taxes are paid in 2009)
- Steps in property tax cycle:
  - Assessment: Local assessing officials establish a value for each parcel of property.
  - Review: Opportunity for property owners to appeal their assessments.
  - Equalization: Application of Department of Revenue equalization factor (multiplier) to assure that the median level of assessments in all counties is 33 1/3 percent.
  - Levy: Local governments determine the amount in property taxes needed.
  - Extension: County clerk apportions the levy among the properties in a taxing district according to their assessed values.
  - Collection and distribution: Taxpayers pay their bills and payments are allocated to the units of local government that impose taxes.

# Property Tax Extension Limitation Law ("PTELL")

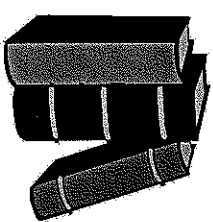


- PTELL is designed to limit the increase in property tax extensions (total taxes billed) for non-home rule taxing districts.
- Increases in property tax extensions are limited to the lesser of 5% of the increase in the national CPI for the year preceding the levy year. (The CPI was .1% in 2008.)
- The limitation can be increased for a taxing body with voter approval.
- The PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction. Individual tax bills may still increase or decrease.
- The limit slows the growth of revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation. As a whole, property owners have some protection from tax bills that increase only because the market value of the property is rising rapidly.

# Definitions in Property Tax Language

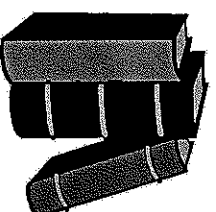


- **Assessment:** The value placed on property for tax purposes and the basis for determining what portion of the overall tax burden each property owner will bear. Assessment may also be referred to as valuation or assessed valuation.
- **Equalization:** The process of providing a uniform average level of assessment. This application of a uniform percentage increase or decrease to assessed values on various geographic areas or classes of property brings assessment levels on average, to a uniform level of the market value.
- **Equalization Factor:** The state equalization factor that is applied to each parcel of property in a County to increase or decrease the level of assessment to the mandated statutory level of 33 1/3% of the market value.
- **Extension:** The actual dollar amount of tax billed to property taxpayers in a taxing district. The sum may differ from the levy due to the tax rate limits or other factors.



- **Levy:** The amount of money sought from property taxes by a taxing district. The governing board of each taxing district determines the total amount of money it needs to operate during the coming year and how much of that sum must be raised from property taxes. Each taxing district adopts a property tax levy, or resolution, which is filed with the County Clerk.
- **Tax Rate:** The amount of tax due, stated in terms of a percentage of the tax base. This percentage is derived by dividing the levy for a fund by the EAV. Some funds have a maximum statutory tax rate that may not be exceeded. The sum of the fund rates equals the total district rate.
- **Tax Year:** This term refers to the year of assessment. Tax year 2008 refers to assessments based on property values as of January 1, 2008. The 2008 taxes were payable in calendar year 2009.

# How Do Our Total School Tax Rates Compare?

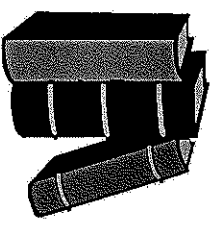


Elementary School District		2008 Operating Tax Rate		If I own a \$200,000 home, this is what I pay in taxes...		2008 EAV
Grayslake CCSD #46		3.4210%	\$	2,280.64		\$829,604,580
Gurnee SD #56		3.2900%	\$	2,193.31		\$651,555,879
Hawthorne SD #73		2.8780%	\$	1,918.65		\$1,427,096,908
Woodland SD #50		3.1490%	\$	2,099.31		\$1,994,091,577
Milburn SD #24		3.4240%	\$	2,282.64		\$295,596,148
Lake Villa #41		2.8430%	\$	1,895.31		\$630,893,634

Source:

Lake County Website

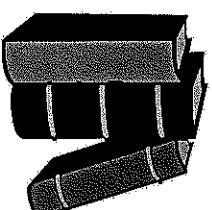
# Budget and Levy Cycle



- The Budget is prepared on a "cash basis".
- The Budget process generally begins in the Spring and the Final Budget is approved by the Board prior to October 1.
- In order to establish a realistic Budget, the Board will need to determine the available revenues including State funding and local Property Tax support.
- State Funding and Property Taxes are linked together -Changing one will result in a change to the other.
- In December, the District passes it's Levy Resolution which is sent to the County Clerk.
- The Levy (should be) is based on the amount required in each fund according to the Budget. The District may not always receive enough property tax money to "balance the Budget".

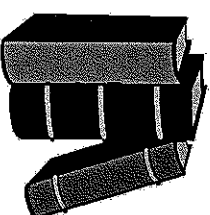


# Budget and Levy Cycle

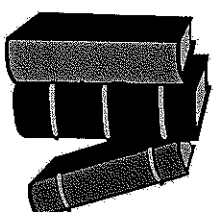


- The budget and levy cycle stretches over 3 years
- The 2008 levy cycle began in November of 2008. The district prepared it's levy and submitted it to the County Clerk.
- They prepared the extension for the 2008 taxes in April 2009
- The taxes for this extension were collected in June 2009 and September 2009.
- The June payments were for the District FY 2009 budget and the September payments will be applied to the FY 2010 budget.
- The cycle starts again in November for the 2009 taxes payable in 2010 and applied to the 2010 and 2011 budgets.

# PMA Role



- PMA is a company that specializes in school district finance.
- They manage our cashflow and investments.
- They provide us analysis of our financial projections for a five-year time period.
- They take our current budget, and look at trends and feed this into a module that helps us forecast our financial information for the coming years. We utilize this to make our financial choices, and help determine the path we need to take to remain financially sound.



# Questions ?